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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/497,142	02/03/2000	Kirk Watkins	051364-5001-01	7143

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EXAMINER

KYLE, CHARLES R

ART UNIT

PAPER NUMBER

2164

DATE MAILED: 04/22/2002

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary	Application No.	Applicant(s)
	09/497,142	WATKINS, KIRK
	Examiner	Art Unit
	Charles Kyle	2164

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133).
- Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) Responsive to communication(s) filed on 25 February 2002.
- 2a) This action is FINAL. 2b) This action is non-final.
- 3) Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) Claim(s) 1-7, 10-18, 24 and 25 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) Claim(s) _____ is/are allowed.
- 6) Claim(s) 1-7, 10-18, 24 and 25 is/are rejected.
- 7) Claim(s) _____ is/are objected to.
- 8) Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) The specification is objected to by the Examiner.
- 10) The drawing(s) filed on _____ is/are: a) accepted or b) objected to by the Examiner.

Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).

- 11) The proposed drawing correction filed on _____ is: a) approved b) disapproved by the Examiner.
- If approved, corrected drawings are required in reply to this Office action.
- 12) The oath or declaration is objected to by the Examiner.

Priority under 35 U.S.C. §§ 119 and 120

- 13) Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) All b) Some * c) None of:
1. Certified copies of the priority documents have been received.
2. Certified copies of the priority documents have been received in Application No. _____.
3. Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).
- * See the attached detailed Office action for a list of the certified copies not received.
- 14) Acknowledgment is made of a claim for domestic priority under 35 U.S.C. § 119(e) (to a provisional application).
- a) The translation of the foreign language provisional application has been received.
- 15) Acknowledgment is made of a claim for domestic priority under 35 U.S.C. §§ 120 and/or 121.

Attachment(s)

- | | |
|--|--|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413) Paper No(s). _____ . |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | 5) <input type="checkbox"/> Notice of Informal Patent Application (PTO-152) |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO-1449) Paper No(s) _____ . | 6) <input type="checkbox"/> Other: _____ . |

DETAILED ACTION

Claim Rejections - 35 USC § 112

The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

Claims 1-7, 10-12, 18 and 24-25 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

Claim 1 and the dependent claims from which it depends recites the limitation "debiting said payroll automatically and dynamically in the amount of said charge". In accounting practice, payrolls are not debited; rather payroll **accounts** are debited in conjunction with crediting an asset account such as cash. The recitation of debiting payroll is unclear, as it suggests that the employee's payroll is somehow debited rather than a particular employer's payroll account. In accounting practice, the term debit has carries no connotation of increase or decrease by itself. Accounts may be debited to increase a balance (cash or a receivable) or to decrease a balance (liability accounts). The claim does not clearly recite how debiting affects payroll accounts. See the cited reference, *College Accounting* for detail.

The claims have been examined to the best of the examiner's ability given the ambiguity.

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

Claims 1-7 and 24-25 are rejected under 35 U.S.C. 103(a) as being unpatentable over Davis et al in view of Kirtley-Cole Company Store Online Apparel and Gift Ordering Form, already of record, hereinafter Kirtley.

Concerning Claim 1, Davis et al disclose the invention substantially as claimed including in a method the steps of:

- a) establishing a deduction card account to enable a person to charge a purchase to said deduction card to pay for a purchase from a participating merchant (Col. 3, lines 13-60; Col. 14, line 53 to Col. 15, line 8);

- b) cross referencing the account card to the person wherein the charges applied to the card are automatically and dynamically deducted from the account (Fig 10; Fig. 11A, elements 610, 612 and 614; Col. 16, line 39 to Col. 17, line 51; Col. 7, lines 26-49; Col. 2, line 57 to Col. 3, line 12);

- c) applying the charge to the deduction card account (Col. 7, line 6-25);
- d) deducting the amount of the purchase automatically and dynamically in the amount of the charge (Col. 7, lines 26-35).

Thus, Davis discloses a method using a deduction card to reduce a person's assets in payment for a purchase. Davis does not specifically disclose using the reduction of a person's payroll assets in payment of a purchase. Kirtley discloses such deductions at the pages 1-3 of the Kirtley-Cole document of prior record. The deduction form evidences authorization by an employer at the third page and the guidelines for use are disclosed at the bullet item on the second page, "Payroll Deduction: Print a copy...". It would have been obvious to one of ordinary skill in the art at the time of the invention to have performed the payroll deductions for online purchases disclosed by Kirtley in the payments processing method of Davis et al because this would have provided a convenient way for purchasers to access an alternative form of credit (payroll advances) in a familiar and accessible method using for more familiar credit transactions (credit and debit cards), which are specifically described at the Background of the Invention of Davis.

Regarding Claim 2, Davis et al suggest establishment of a number of transactions to avoid inefficient transaction processing. In the case of the

combination of Davis et al and Kirtley, it would have been obvious to have established such a number because this would have assured that the merchant was paid back in a reasonable amount of time. Further, Kirtley disclose establishing a number of pay periods for repayment (one) at the Kirtley deduction form, "deduct from my next paycheck" and basing the number of deductions (one) on the total price of the transaction at the form "permission to deduct ____". It would further have been obvious to have used multiple deductions to pay off the total price, as this would have allowed the employee to have purchased items which could not be paid for with one deduction, but which were still affordable to the employee. This total price would constitute a credit limit.

Concerning Claim 3, Kirtley discloses that the payroll deduction is for only the amount of the purchase at the payroll deduction form as "deduct \$____ for the *requested apparel/gift items* listed on the attached order form". No deduction for interest is made. Further, it would have been obvious to have provided interest free deductions because this would have provided benefit to employees and would have improved employee morale. Authorization to deduct is shown by Kirtley as "'I, ___, give Kirtley-Cole Design-Build Payroll Department *permission to deduct \$____*'".

Concerning Claim 4, it would have been obvious to have provided different sets of deduction guidelines for sets of employees with different status because this would have matched guidelines to employees having different capacities to repay. As an example, it would have been illogical to have used a

guideline specifying that all of a \$500 purchase be deducted for each of two employees when one had a payroll amount of \$500 and the other an amount of \$5000. They would clearly require different guidelines so as to facilitate prompt repayment while leaving employees "take home pay" after the deduction.

With respect to Claim 5, Davis et al disclose identifying information in a system database at Col. 14, lines 4-25 and Col. 24, line 61 to Col. 25, line 13. It would have been obvious to have identified participating employees in such a database because this would have allowed for ready association of personal information with guidelines for that person's use of the payroll deduction system.

Regarding Claim 6, Davis et al disclose a storing in a database a list with information about users who qualify to use a card at Col. 25, line 36 to Col. 26, line 17.

Regarding Claim 7, Davis et al disclose swiping a card at Fig. 10, element 506 and thus entering information stored on the card into a network infrastructure at Fig. 10, elements 512-518.

With respect to Claim 24, see the discussions of Claims 10 and 18 and Davis et al further disclose that smart cards contain a chip for storing account information (Col. 3, line 52 to Col. 4, line 16). Updating of such information would have been obvious for the same reasons that synchronization was obvious as is set forth in the discussion of Claim 10 above.

Regarding Claim 25, Davis et al disclose "personalizing" of smart cards at Col. 5, lines 19-38. It would have been obvious to have performed such

personalization for private brand issuers because this would have provided inexpensive advertising for the issuer or allowed participation in special promotions by cardholders. An example of such personalized, private brand cards was a VISA credit card branded with a college identifier, whereby use of the card by the cardholder generated an income for the college, e.g. the College of William and Mary VISA credit card.

Claims 10-12 are rejected under 35 U.S.C. 103(a) as being unpatentable over Davis et al and Kirtley and further in view of the Microsoft Computer Dictionary, hereinafter "Dictionary".

Regarding Claim 10, Davis et al and Kirtley disclose the invention substantially as claimed. See the discussion of claims 1-5, 7, and 9-10. They do not specifically disclose synchronizing of information between databases. Dictionary discloses this feature at page 456, "synchronization", specifically feature 4 regarding database files. It would have been obvious to one of ordinary skill in the art at the time of the invention to have provided for synchronization between system and network processor databases because this would have assured that they contained the same data, as disclosed by Dictionary.

With respect to Claim 11, Davis et al disclose the equivalent of a magnetic strip on the card at Col. 3, line 61 to Col. 4, line 16. Storage of financial information on such a magnetic strip was well known for debit, credit and smart cards.

With respect to Claim 12, Davis et al disclose verification that a merchant participates at Col. 14, lines 4-25. It would further have been obvious to have verified employment status because this would have assured that the employee had payroll from which to deduct for debt repayment.

Claim 18 is rejected under 35 U.S.C. 103(a) as being unpatentable over Davis et al and Kirtley and further in view of The Dictionary of Finance and Investment Terms, hereinafter Terms.

Regarding Claim 18, Davis et al and Kirtley disclose the invention substantially as claimed. See the discussion of Claim 1 above. They do not specifically disclose reviewing the employee's purchasing and payroll deduction history. Terms discloses the concept of a statement, whereby a person is notified of account transactions for a pre-defined period at page 589. It would have been obvious to one of ordinary skill in the art at the time of the invention to have provided such a statement in the combination of Davis et al and Kirtley because this would have allowed the employee to have confirmed the correctness of transactions in the two accounts and to have managed the payroll deduction benefit responsibly.

Double Patenting

Claim 1 is rejected under the judicially created doctrine of obviousness-type double patenting as being unpatentable over claim 1 of U.S. Patent No. 6,347,305. Although the conflicting claims are not identical, they are not patentably distinct from

each other because they both recite use of payroll deductions for payment for purchases at merchants' businesses .

Response to Arguments

Applicant's arguments filed February 25, 2002 have been fully considered but they are not persuasive. Despite applicant's substantial changes to the claims which would make his arguments moot, the examiner will the arguments because they are generally relevant to the newly claimed invention.

At page 4 of applicant's amendment, applicant asserts that the scope of the claims has not narrowed. Nonetheless, the scope has changed markedly and the new rejections reflect that change.

At paragraph 4 of page 4, applicant begins substantive argument. He first attempts to disqualify the Kirtley-Cole reference, asserting that the date of publication is in question. This is incorrect. The Kirtley-Cole references are marked at the lower right hand corner with the printout date and time of 9/01/99 9:04 AM clearly showing that the reference was published before applicant's filing date.

At the first full paragraph of page 5, applicant argues that Kirtley-Cole fails to disclose that a payroll deduction card can be used to pay for a purchase made from a participating merchant. This is correct. Davis, however, discloses such purchases

from a participating merchant, as noted in the rejection of claim 1 above. The claims are rejected over the combination of Davis and Kirtley-Cole, and applicant gives no substantive argument against the motivation to combine the two references. Applicant asserts that the motivation to combine has come from applicant's disclosure, (i.e. hindsight reasoning).

In response to applicant's argument that the examiner's conclusion of obviousness is based upon improper hindsight reasoning, it must be recognized that any judgment on obviousness is in a sense necessarily a reconstruction based upon hindsight reasoning. But so long as it takes into account only knowledge which was within the level of ordinary skill at the time the claimed invention was made, and does not include knowledge gleaned only from the applicant's disclosure, such a reconstruction is proper. See *In re McLaughlin*, 443 F.2d 1392, 170 USPQ 209 (CCPA 1971).

At the first full paragraph of page 6, applicant argues that prior art teaches deductions in transactions with employers. This is true and is taught by Kirtley, but ignores the combination of Kirtley and Davis and the motivation to combine as set forth in the rejection of claim 1. The motivation is not refuted with substantive argument. Further, the Davis reference specifically discloses elements for the automated adjustment of accounts applicable to the method of Kirtley.

At page 7, second full paragraph, applicant sets forth arguments against the combination of references but does not substantively address the motivation to combine set forth above.

The rejections are maintained.

Conclusion

Applicant's amendment necessitated the new ground(s) of rejection presented in this Office action. Accordingly, **THIS ACTION IS MADE FINAL**. See MPEP § 706.07(a). Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the date of this final action.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Charles Kyle whose telephone number is (703) 305-4458. The examiner can normally be reached on Monday - Friday, 8:30 - 5:00.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Vincent Millin can be reached on (703) 308-1065. The fax phone numbers for the organization where this application or proceeding is assigned are (703) 746-7239 for regular communications and (703) 746-7238 for After Final communications.

Any inquiry of a general nature or relating to the status of this application or proceeding should be directed to the receptionist whose telephone number is (703) 305-3900.

CRK
crk
April 18, 2002



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